

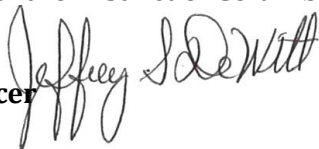
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: November 28, 2016

SUBJECT: Fiscal Impact Statement – “Certified Business Enterprise Bonding Liability Amendment Act of 2016”

REFERENCE: Bill 21-863, Draft Committee Print as shared with the Office of Revenue Analysis on November 22, 2016

Conclusion

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill.

Background

A certified joint venture¹ is an association of two or more businesses temporarily formed to carry out a project or solicitation with the District, in which at least one of the businesses is a certified business enterprise (CBE) under the Department of Small and Local Business Development (DSLBD) CBE program.

Current law makes the CBE partner in a joint venture solely and individually liable as the principal party for at least 51 percent of claims asserted under the bond. The bill lessens that burden on the CBE, and does not make them solely liable, but still requires the CBE to have bonding capacity equal to at least 51 percent of the total contract amount.

The bill requires joint ventures to report all income or contract receipts and expenses to DSLBD, including: fees for services and labor, salaries of the joint venture principals, and distribution of profits. At the completion of the contract, the joint venture must submit a statement of final profit distribution to DSLBD.

Lastly, the bill requires DSLBD to report semiannually on the number of joint ventures certified, compliance checks completed, and to list the joint ventures that met the requirements of this bill.

¹ D.C. Official Code § 2-218.39a.

The Honorable Phil Mendelson

FIS: Bill 21-863, "Certified Business Enterprise Bonding Liability Amendment Act of 2016," Draft Committee Print as shared with the Office of Revenue Analysis on November 22, 2016.

Financial Plan Impact

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The Department of Small and Local Business Development can manage the reporting requirements within current resources. Changing the bonding requirements for joint ventures does not have an impact on the budget and financial plan.